

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OPIC-03 AID-05
XMB-02 FRB-03 CIAE-00 INR-07 NSAE-00 L-03 SP-02
OMB-01 H-01 /047 W
-----112782 281720Z /43
R 281507Z JUN 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 9218

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DEPARTMENT PASS DEPTS OF COMMERCE AND TREASURY

USDCO FOR BEWT (DAS REICH)

E.O. 11652: N/A
TAGS: BGEN, EEWT, UR, US
SUBJECT: FOLLOW-UP ON JOINT COMMERCIAL COMMISSION SESSION

REF: (A) MOSCOW 8973, (B) STATE 140988

1. DURING CALL JUNE 24 ON NIKOLAY ZINOV'YEV, CHIEF OF AMERICAN COUNTRIES DIVISION, MINISTRY OF FOREIGN TRADE (MFT), ON OTHER BUSINESS REPORTED SEPTELS, E/C COUNSELOR INFORMALLY RAISED QUESTION OF MODALITIES OF ARRANGING PERIODIC MEETINGS IN MOSCOW AS PROPOSED BY DAS REICH DURING JUNE 9 AFTERNOON MEETING OF SIXTH SESSION, US-SOVIET JOINT COMMERCIAL COMMISSION, IN WASHINGTON. ZINOV'YEV WAS ASKED SPECIFICALLY HOW OFTEN HE ENVISIONED THESE MEETINGS TAKING PLACE AND HOW HE FOREWAW THE LEVEL AND RANGE OF PARTICIPATION.

2. IN RESPONSE ZINOV'YEV STATED THAT HE WOULD NOT MIND MEETING E/C COUNSELOR ON MONTHLY BASIS - ASSUMING THAT THERE WAS A GENUINE, SUBSTANTIVE REASON - ACCORDING TO HIM, NO PERIODICITY FOR MEETINGS HAD BEEN AGREED. NOTHING THAT BUSINESS REPRESENTATIVES
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OF AMERICAN FIRMS ACCREDITED IN THE USSR COULD ATTEND THESE SESSIONS "AS APPROPRIATE," ZINOV'YEV SAID HE UNDERSTOOD THIS TO MEAN THAT IF THE AGENDA CONTAINED ITEMS OF SPECIFIC APPLICABILITY TO GIVEN COMPANIES, THEY COULD ATTEND. HE CERTAINLY DID NOT ENVISION MEETINGS INCLUDING REPRESENTATIVES FROM ALL AMERICAN COMPANIES ACCREDITED IN MOSCOW, HOWEVER; IT WAS POSSIBLE TO SPEAK CANDIDLY WITH COUNSELOR, ACCORDING

TO ZINOV'YEV, BUT THIS WOULD NOT BE POSSIBLE WITH TWENTY-FIVE PERSONS IN THE ROOM.

3. ZINOV'YEV THEN QUESTIONED WHAT SORT OF SUBJECT MATTER WE HAD IN MIND FOR THESE PERIODIC SESSIONS. IF IT WERE ITEMS LIKE RENT INCREASES, HE THOUGHT THAT ONLY THOSE FEW FIRMS DIRECTLY AFFECTED WOULD BE INTERESTED (COUNSELOR DEMURRED, NOTHING THAT ALL US COMPANIES PAY RENT AND SHARE GENERAL CONCERN ABOUT ABRUPT INCREASES BEING ASKED BY SOVIET AUTHORITIES, WHETHER THEIR LEASES EXPIRE THIS YEAR OR LATER). IN ANY CASE, ACCORDING TO ZINOV'YEV, SOVIET COLLEAGUES WHO MIGHT BE ASKED TO ATTEND SOME OF THESE SESSIONS WOULD WANT TO KNOW SPECIFICALLY WHY THEY WERE BEING ASKED TO ATTEND A GIVEN MEETING. HE REITERATED THAT THERE WAS NO SOVIET INTENTION TO HOLD MEETINGS JUST FOR THEIR OWN SAKE.

4. COUNSELOR SAID THAT HE WOULD REPORT ZINOV'YEV'S STATEMENTS TO WASHINGTON AND SOLICIT ITS COMMENT. HE GAVE AS HIS OWN VIEW, HOWEVER, THAT THERE WAS VALUE IN MEETING REGULARLY, AS DISCUSSED IN WASHINGTON, IN ORDER TO HAVE AN INSTITUTIONAL BASIS FOR EXCHANGE OF INFORMATION ON COMMERCIAL MATTERS, INCLUDING BUSINESS TRENDS AND OPPORTUNITIES, AS WELL AS OPERATIONAL QUESTIONS WHICH DIRECTLY AND IMPORTANTLY AFFECTED RESIDENT US BUSINESS COMMUNITY. WHO WOULD ATTEND SUCH SESSIONS WOULD HAVE TO BE THE SUBJECT OF FURTHER DIS-

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CUSSION.

5. CONCERNING SPECIFIC QUESTION OF "TEMPORARY ACCREDITATION." COUNSELOR ASKED IF REPORTED STATEMENT BY MFT CHIEF OF PROTOCOL RAKHMANIN TO REPRESENTATIVE OF FIRM PERKIN-ELMER (REF A) ABOUT DISCONTINUATION OF CATEGORY WAS CORRECT. ZINOV'YEV STATED THAT HE THOUGHT IT WAS. HE RECALLED STATEMENTS BY DEPUTY MINISTER MANZHULO AT JUNE 9 JOINT COMMERCIAL COMMISSION MEETING ON THIS POINT (COMMENT: THOSE REMARKS BY MANZHULO DID NOT STRIKE US AS EITHER CLEAR OR DEFINITIVE ON SUBJECT OF TEMPORARY ACCREDITATION) AS IF BY WAY OF CONFIRMATION. ZINOV'YEV ADDED THAT LACK OF SPACE CONTINUES TO POSE SERIOUS LIMITATION FOR ACCREDITATION OF FOREIGN COMPANIES IN USSR. ASKED WHAT WAS PRESENT STATUS OF THE THREE AMERICAN FIRMS ACCORDED "TEMPORARY ACCREDITATION" STATUS EARLIER THIS YEAR, ZINOV'YEV HEDTED. HOWEVER, HE THOUGHT THAT ALLIS-CHALMERS, AT LEAST HAD BEEN TAKEN CARE OF. (AT RECEPTION ON EVENING OF JUNE 23, ALLIS-CHALMERS REPRESENTATIVE SHILLINGLAW SAID EMPHATICALLY THAT A-C IS STILL IN THE DARK ABOUT STATUS AND PROSPECTS FOR OFFICE SPACE AND HOUSING.)

6. COMMENT: WE CAN UNDERSTAND LOGIC OF ZINOV'YEV'S REMARKS ON INFEASIBILITY OF MEETING ON REGULAR BASIS WITH ALL REPRESENTATIVES OF ACCREDITED US FIRMS. THE FIRMS THEMSELVES MIGHT LOSE INTEREST IF THESE SESSIONS WERE NOT GERMANE AND PRODUCTIVE. THIS WOULD BE A PRACTICE, WHICH TO THE BEST OF OUR KNOWLEDGE, IS NOT ACCORDED TO ACCREDITED FIRMS OF THIRD STATES IN USSR. ON THE OTHER EXTREME, HOWEVER, THERE WOULD BE THE RISK THAT WE WOULD HAVE ONLY SECURED SOVIET AGREEMENT TO MEET PERIODICALLY ON SUBSTANTIVE ISSUES AT THE GOVERNMENT LEVEL, A RIGHT WHICH FLOWS FROM THE VERY NATURE OF AN EMBASSY AND REQUIRES NO SPECIAL ACCORD TO BRING ABOUT. MEETINGS BETWEEN THE EMBASSY/USCO AND THE MFT INCLUDING A SELECTED NUMBER OF AMERICAN FIRMS COULD BE AN ACCEPTABLE SOLUTION WHICH WOULD HELP PRESERVE CONFIDENTIALITY AND HENCE PERHAPS CANDOR - OF LIMITED OFFICIAL USE

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SESSIONS, BUT IT WOULD INTRODUCE ELEMENT OF CHOICE WHICH US BUSINESS COMMUNITY WOULD REGARD AS ARBITRARY OR PREJUDICIAL TO THEIR INTERESTS. WE INTEND TO COVER THIS SUBJECT INFORMALLY DURING SESSION WITH RESIDENT US BUSINESSMEN IN USCO JUNE 30. IT IS CLEAR, HOWEVER, THAT IF WE WANT THIS POTENTIAL INSTITUTION TO COME INTO BEING HERE, IT WILL REQUIRE US INITIATIVE, FOR SOVIETS ARE UNLIKELY TO TAKE THE LEAD. (WE ARE UNABLE TO ASSESS HOW MUCH VALUE THEY MAY ATTRIBUTE TO RELATED EMBASSY IN WASHINGTON.)

7. EMBASSY WOULD WELCOME ANY COMMENTS WHICH WASHINGTON AGENCIES MAY HAVE ON ZINOV'YEV'S PRESENTATION. WE WOULD ALSO LIKE TO HAVE A COPY OF AGREED MINUTES OF JCC SESSION (REF B, PARA 5).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, EAST WEST TRADE, MEETINGS, DIPLOMATIC DISCUSSIONS, JOINT VENTURES, BUSINESS FIRMS, BUSINESS REPUTATION
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW09311
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: MOSCOW
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770611/aaaaajew.tel
Line Count: 151
Litigation Code IDs:
Litigation Codes:
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Message ID: 69159e73-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 8973, 77 STATE 140988
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2010666
Secure: OPEN
Status: NATIVE
Subject: FOLLOW-UP ON JOINT COMMERCIAL COMMISSION SESSION
TAGS: BGEN, EEWT, UR, US
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/69159e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009